

Message Text

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10

ORIGIN EB-05

INFO OCT-01 IO-03 ADP-00 NEA-05 RSC-01 /015 R

66664

DRAFTED BY: EB/ OT/ GCP: SBWATKINS

APPROVED BY: EB/ OT- MR. O' MAHONY

NEA/ IAI: JCDEAN

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R 152350 Z MAY 73

FM SECSTATE WASHDC

TO USMISSION GENEVA

C O N F I D E N T I A L STATE 091245

FOLL SENT ACTION TEL AVIV INFO EC BRUSSELS MADRID FROM SECSTATE
14 MAY 73 REPEATED TO YOU QUOTE

C O N F I D E N T I A L STATE 091245

E. O. 11652: GDS

TAGS: PFOR, ETRD, IS

SUBJECT: SHULTZ/ CASEY- EBAN MAY 10 MEETING: EC AND ISRAEL

EC BRUSSELS FOR US MISSION

1. SEC SHULTZ AND UNDER SEC CASEY MET WITH FONMIN EBAN
MAY 10. SHULTZ EMPHASIZED THAT PRESIDENT HAD ASKED HIM TO
CONVEY TO EBAN THAT WE FIND IT NECESSARY MOVE STRONGLY TO
REMEDY TRADE DISADVANTAGE TO WHICH WE BEING PUT BY EC PREF-
ERENTIAL AGREEMENTS WITH SPAIN AND ISRAEL. HE EMPHASIZED
IT OUR DESIRE TO DO THIS IN COOPERATIVE MANNER AND IT OUR
INTENTION TO GIVE SPAIN AND EC SIMILAR NOTICE THAT WE WOULD
ASK FOR GATT CONSULTATIONS ON THESE PREFERENTIAL ARRANGE-
MENTS.

2. EBAN RESPONDED AT SOME LENGTH ON NEED FOR ISRAEL TO
CULTIVATE ITS ECONOMIC, TECHNOLOGICAL, AND POLITICAL ASSOCI-
ATIONS WITH EUROPE, PARTICULARLY IN VIEW ITS ISOLATION IN
MIDDLE EAST. HE POINTED OUT THAT ISRAEL HAD HALF- BILLION
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DOLLAR TRADE DEFICIT WITH EUROPE, AND THAT IN ABSENCE PREFERENTIAL TARIFFS, THIS WOULD DETERIORATE FURTHER. HE POINTED OUT THAT ISRAEL DID NOT CREATE EC- MEDITERRANEAN POLICY BUT MERELY HAD TO ADAPT TO IT. HE SUGGESTED PERHAPS WAY TO RELIEVE US CONCERN ABOUT THIS IN SHORT RUN WOULD BE TO GIVE US TRADE SOME COMPENSATING ADVANTAGES IN ISRAEL MARKET.

3. SHULTZ EMPHASIZED THAT OUR PURPOSE IN RAISING THESE ISSUES NOW IS TO MOVE TOWARDS TRADING SYSTEM IN WHICH PREFERENCES OF THIS KIND WOULD NO LONGER BE NECESSARY AND WOULD BE PHASED OUT. EBAN REVIEWED ISRAEL' S CURRENT NEGOTIATIONS WITH EC AND STATED THAT ISRAEL' S OBJECTIVE IS TO GET DUTY-FREE TREATMENT OF ITS MANUFACTURED GOODS GOING INTO EUROPE IN FIVE YEARS AND GIVE EUROPEAN COMMUNITY COMPARABLE DUTY-FREE TREATMENT BY 1985.

4. MEETING TERMINATED VERY CORDIALLY WITH EXPRESSIONS ON EACH SIDE TO WORK PROBLEM OUT IN MUTUALLY SATISFACTORY MANNER, RECOGNIZING, HOWEVER, THAT IT WOULD NOT BE EASY, THAT THERE COULD BE SOME HARD FIGHTING AHEAD BUT THAT IT WOULD NOT BE PERMITTED TO IMPAIR OUR OVERALL RELATIONSHIP. RUSH UNQUOTE RUSH

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*** Current Classification *** CONFIDENTIAL

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